CALIFORNIA*CHOICE* AGENT AGREEMENT

This Agreement is made by and between_____("Agent") and California*Choice* Benefit Administrators, Inc., a California corporation ("California*Choice*").

1. Licensure: Agent warrants that he/she is licensed by the California Department of Insurance as an Insurance broker or an insurance agent and is specifically licensed to transact insurance. A photocopy of Agent's license is attached hereto. Agent agrees to notify California*Choice* immediately upon the suspension, revocation or expiration of any such license. Failure to maintain such license will terminate this Agreement retroactive to the date such license was suspended, revoked or expired. Agent agrees to return to California*Choice* all commissions paid to Agent after such license was suspended, revoked or expired. Agent represents and warrants that he/she has never suffered the loss, suspension or termination of any license issued by any governmental authority in connection with the sale of any type of insurance, prepaid health care, hospital or professional benefits agreement, and that he/she has never been convicted of a crime involving moral turpitude.
2. Independent Contractor: Agent is and agrees to act only as an independent contractor. No employer-employee relationship is created by this Agreement and no employee rights or benefits will inure to Agent under this Agreement.
3. Compliance with Law: Agent agrees and shall cause its principal persons and employees to comply with all applicable provisions of the Knox-Keene Health Care Service Plan Act of 1975, as amended, its regulations, and all other applicable laws and regulations. It is understood that any provision of this Agreement which is in violation of any laws or any regulations of the State of California shall be null and void, and any such provision shall be deemed stricken from this Agreement. Agent agrees to file reports required by law. Agent agrees to promptly notify California*Choice* of any disciplinary proceedings against him/her or against any of its principal persons or employees relating to any license issued to any such person by the California Insurance Commissioner.
4. Solicitation and Agent's Representations: By this Agreement, Agent is authorized to solicit applications for the California*Choice* program. Agent is not authorized to accept or bind California*Choice* program coverage, to accept any applicant, to represent that Agent has the power to accept any applicant, to modify any California*Choice* program product, or to waive or modify the terms or conditions regarding application, eligibility, enrollment, coverage or benefits. Agent acknowledges that he/she is prohibited from making any representation(s) regarding the nature or scope of application or eligibility requirements of California*Choice* program benefits, except by use of written materials prepared and furnished by a Participating Plan, a general agency appointed by California*Choice*, referred to herein as Service Agency, or California*Choice* for that purpose. Agent agrees not to engage in practices of solicitation that would constitute steering of prospective subscribing groups to or away from the California*Choice* Program to the exclusion of other small group market health contracts because of the health status, claims experience, industry, occupation or geographical location of the small employer in violation of California Health and Safety Code Section 1367.03
5. Underwriting: Agent acknowledges that only California*Choice* program participating plans are authorized to accept an application or bind coverage. California*Choice* and participating plans reserve the right to reject any application solicited by Agent. California*Choice* reserves the right to discontinue writing or alter the group programs offered.
6. Commissions and Conditions of Payment: California*Choice* will pay to Agent commissions on premiums received by California*Choice* for those California*Choice* Benefit Administrators, Inc. programs as set forth in the attached Schedule of Commissions, which is incorporated by this reference. Commissions for premiums received prior to the 21st of the month will be paid at the end of that month. Commissions for premiums received after the 20th of the month will be paid at the end of the following month. Commissions will be paid only on premiums actually received and accepted by California*Choice*, and never prior to the subscriber groups effective date. If a premium adjustment shall be made for any period, then a corresponding adjustment shall be made in the Agent commission for the period commencing with the adjusted premium charges. No commissions are paid on conversion plans. Agent is not entitled to reimbursement for expenses. California*Choice* reserves the right to modify or replace the commission schedule at any time upon thirty (30) days prior written notice to Agent and such modified or replacement schedule shall apply to all groups written after the effective date of such modification or replacement. Commissions paid on subscriber groups effective prior to the change in commission schedule will be governed by the commission schedule in effect at the time of issuance until the renewal of such subscriber groups, at which time the current commission schedule will go into effect. Payment of commissions is contingent:
   - upon Agent maintaining an active insurance license from the California Department of Insurance, and
   - upon Agent remaining the designated broker-or agent-of-record for an active group subscriber, and
   - upon Agent reasonably servicing all in force plans, as determined by California*Choice*, and
   - upon Agent's compliance with California*Choice* rules, regulations and operating policies and the provisions of this Agreement.

   Agent grants to California*Choice* a lien on all commissions payable under this Agreement to secure payment to California*Choice* of all funds under the control of Agent which belong to California*Choice*, or of any other indebtedness of Agent to California*Choice*. Agent acknowledges that California*Choice* has the right to offset any commissions to which Agent is entitled by the amounts of any funds under the control of Agent which belong to California*Choice* or of any other indebtedness of Agent to California*Choice*. California*Choice* agrees to continue to pay to Agent following termination of this Agreement commissions earned by Agent while this Agreement was in effect, provided Agent continues to comply with the terms of this Section 6, whose terms and conditions shall survive the termination of this Agreement.
7. Broker-or Agent-of-Record: After six (6) months of continuous enrollment in the California*Choice* program, group subscribers may transfer at any time from one broker or agent to another broker or agent. Any group subscriber may change brokers or agents and designate a new broker or agent-of-record by notifying California*Choice* in writing. The change will take place the first of the month following thirty (30) days, after written notice is received by California*Choice*. The current broker or agent-of-record will be notified of the impending change within fourteen (14) days of receipt of the written request from group subscriber by California*Choice*. The name of the newly requested broker or agent-of-record will be kept confidential.
8. Non-assignability: Neither this Agreement nor its benefits may be assigned or transferred without prior written approval from California*Choice*.
9. Sub-brokers and Sub-agents: Agent agrees to execute and submit to California*Choice* written notice of each sub-broker or sub-agent employed by or contracting with Agent. That notification will not be effective until received by California*Choice*, approved by California*Choice* and returned to Agent. Agent agrees to be solely responsible for his/her sub-brokers or sub-agents under this Agreement and for their compensation, training, supplies and correspondence. Agent agrees to ensure sub-broker's or sub-agent's adherence to all applicable terms of this agreement, including, but not limited to, requirements regarding errors and omissions coverage, licensure, knowledge of the California*Choice* Program and its participating plans, solicitations and advertising. Agent acknowledges California*Choice*'s right to reject a sub-broker or sub-agent notification and terminate a sub-broker or sub-agent.
10. Premium Collection: Agent shall have no authority, without written consent of California*Choice*, to collect or provide receipt for premiums other than the first, deduct commissions or permissible fees; endorse checks payable to California*Choice*; or perform any other act or duty not specifically authorized by California*Choice*. Notwithstanding the preceding sentence, if California*Choice* should so consent to the performance of such acts, Agent shall promptly deposit all funds in a trust account in a state of federal bank authorized to do business in the state of California and insured by an appropriate federal insuring agency. "Promptly deposit" means deposited no later than the business day following receipt by Agent.
11. Records: Agent agrees to maintain complete written records of all transactions regarding applications for California*Choice* and to make such records promptly available for inspection and copying by California*Choice*, or the Department of Corporations (or other appropriate governmental entities). Agent agrees to retain such records at all times while this Agreement remains in force and for a period of three years following termination of any group subscriber serviced by Agent.
12. Advertising: Agent acknowledges that he/she is prohibited from using any advertisement or any written materials, in which appears the name, any service mark or logo of California*Choice* or the names, service marks, or logos of its participating plans without prior written consent of California*Choice* and/or the participating plans. Agent acknowledges that he/she is prohibited from representing or implying that he/she is California*Choice*. Agent agrees to comply with California*Choice* rules and guidelines regarding advertising and written materials. Agent grants California*Choice* the right to request the disconnection of any line for any telephone number indicated in any advertisement, telephone directory, or other materials that either contain an unauthorized use of such name, logo or service mark or otherwise fail to comply with California*Choice* rules and guidelines regarding advertising and written materials.
13. Indemnification and E&O Coverage: Agent agrees to indemnify and hold California*Choice* harmless from any and all liability, losses, costs, damages or expenses, including reasonable attorney's fees, arising out of any violation by Agent or Agent's employees of, or failure on Agent's part to comply with, provisions of this Agreement, the Knox-Keene Health Care Service Plan Act of 1975, as amended, its regulations, or other applicable law or regulation. While this Agreement is in effect, Agent agrees to maintain errors and omissions coverage with a liability insurance carrier admitted in California. Agent agrees to make all reasonable efforts consistent with advice of counsel and the requirements of Agent's liability insurance carrier to coordinate the defense of all claims in which California*Choice* is named as a defendant or has a substantial possibility of being so named.
14. Property: Agent acknowledges that California*Choice*'s printed materials are the property of California*Choice*. Agent agrees to return any such materials to California*Choice* upon demand.
15. Effective Date: This Agreement becomes effective only when executed by Agent and an authorized officer(s) of California*Choice*. It may be modified only by a written amendment, signed by Agent and by an authorized officer(s) of California*Choice*. This Agreement supersedes any other agreements previously executed between or among any of the parties or their predecessors. The term of this Agreement shall be one year, subject to the termination provisions set forth in Section 16 of this Agreement and subject to the right of California*Choice* to amend or modify the Schedule of Commissions as set forth in attachment A of this Agreement. Thereafter, this Agreement shall renew automatically for additional one year terms until terminated by either party pursuant to Section 16 hereof. This Agreement shall be binding upon the heirs, administrators, executors, successors and assigns of the parties hereto.
16. Termination and Continuing Obligations: This Agreement may be terminated at any time by any party upon ten (10) days written notice, delivered in person or by mail, addressed to Agent at last known address as shown in the records of California*Choice*, or to California*Choice* at 721 South Parker, Suite 200, Orange, CA 92868, or any other such address as California*Choice* may furnish to Agent. Agent acknowledges that termination of Agreement will not relieve Agent of any obligations arising under it. Upon termination, Agent agrees to immediately remit to Cailfornia*Choice* all funds belonging to California*Choice* or held for California*Choice*'s account and forward to California*Choice* all records, applications and property of California*Choice*. *Agent acknowledges that the terms and conditions of Section 6 of this Agreement shall survive the termination of this Agreement and shall remain in effect for so long as commissions are due to Agent pursuant to this Agreement. This Agreement shall be governed by the laws of the state of California.*

AGENT

By (Signature): _____ Date: _____

Broker Last Name (Please Print)

Broker First Name

Social Security Number

Return all copies to California*Choice* Benefit Administrators, Inc. An executed copy will be returned to you.

CALIFORNIA*CHOICE* BENEFIT ADMINISTRATORS, INC.

By : _____

Printed Name: _____

Date: _____

CALIFORNIA*CHOICE* STAFF USE

Broker #

Agency #